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RUEHLO/AMEMBASSY LONDON PRIORITY 6432
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 2992
RUEHCI/AMCONSUL KOLKATA PRIORITY 4574
RUEHGV/USMISSION GENEVA PRIORITY 2298
RUCNDT/USMISSION USUN NEW YORK PRIORITY 3493
RUEKJCS/SECDEF WASHDC PRIORITY
RHMFIS/CDR USPACOM HONOLULU HI PRIORITY
RUEAIIA/CIA WASHDC PRIORITY
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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000339

SIPDIS

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TAGS: PGOV MARR PREL PTER NP

SUBJECT: NEPAL: POLITICAL CONFRONTATION OVER ARMY CHIEF
CONTINUES

REF: A. NEW DELHI 815
 1B. KATHMANDU 335
 1C. KATHMANDU 329
 1D. KATHMANDU 325
 1E. KATHMANDU 320

Classified By: Ambassador Nancy J. Powell. Reasons 1.4 (b/d)

Summary

11. (C) A little over a week since Prime Minister Dahal asked Chief of Army Staff (COAS) General Katawal to resign, the ensuing political confrontation continues to churn.

According to contacts and press reports from April 24-27, various unappealing scenarios, including a sacking of Katawal by the Maoists, an Army-led coup, and the withdrawal of the Maoists from the government are making the rounds. Indian Ambassador Sood informed the Ambassador April 27 that he had told the Prime Minister a day earlier not to fire Katawal. Dahal, he said, was looking for some formula for sacking the COAS which the President, the opposition Nepali Congress and his coalition partners from the Communist Party of Nepal - United Marxist Leninist (UML) could support. Sood dismissed the reports of an April 23 coup plot as "Maoist plants." Sood warned that Katawal's firing might lead to mass protests by NC and UML cadre.

One Week Later Still No Clarity

12. (C) Eight days after Maoist Prime Minister Pushpa Dahal asked Chief of Army Staff General Rookmangud Katawal to resign and Katawal refused (Ref E), Nepal's political confrontation continues to churn. Six days after Katawal responded to the cabinet paper seeking clarification on three issues (Army recruitment, the brigadier generals and the National Games) (Ref D), the cabinet has yet to reach a decision. According to Embassy contacts and press reports from April 24-27, various unappealing scenarios are making the rounds. Some contacts claim that the Maoists may be so determined to be rid of Katawal that they are prepared to sack him even without the support of the Communist Party of Nepal - United Marxist Leninist (UML), President Ram Baran Yadav, the Nepali Congress (NC) or the Indians. Others point to the April 24 report in Nepal's leading vernacular daily, "Kantipur," claiming talks took place April 23 for an

Army-led coup. Yet other contacts and press reports attach credence to Maoist threats to withdraw from the government if Katawal is not removed soon.

India Weighs In: Keep Katawal

¶3. (C) Indian Ambassador Sood, who returned April 25 from brief consultations in New Delhi, informed the Ambassador April 27 that on instructions on April 26 he had told PM Dahal: "Don't fire Katawal". Dahal's reaction was to insist that he was looking for a "third" option (Comment: Presumably, the other two were keeping Katawal or having the Maoists fire him by themselves.) that would allow him to relieve Katawal with the backing of the other major political parties. Sood said he told the PM that it was too late for that given the unanimous opposition to the PM's plans. Dahal appeared to acknowledge that reality, noting that he had received word the UML would not back him. Without providing any details, Dahal said he would have to create consensus involving the President, NC, and UML before moving forward. Sood said he could not confidently predict whether Dahal would actually seek some form of compromise or might choose instead to fire Katawal, perhaps on the basis of a cabinet vote. Sood suggested that if the PM is smart, he will select a pliable Chief Justice (Note: The incumbent retires May 4, with the Maoists suggesting that they will not follow the tradition of selecting the longest serving judge. End note.) and get him to rule quickly in the case challenging Katawal's age, which would require his immediate retirement.

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Sood Comments on Nepali President, Coup Plot

¶4. (C) Surveying the political landscape, Sood said the President is responding to directions from the NC (Comment: This is the President's former party.) without exercising any personal leadership and has conveyed a very confused message to the Prime Minister and public as a result. He dismissed the April 24 media reports of a coup plot as "Maoist plants." He indicated NC deputy leader Sher Bahadur Deuba is very concerned that NC leader G.P. Koirala may make a compromise with Dahal in order to further party and/or family interests. Sood said the consequences for the UML could be quite dire given the division within the party on the firing issue as well as continuation in the coalition.

Likely Indian Reaction to Katawal Firing

¶5. (C) When asked what India would do if the PM fired Katawal, Sood said the reaction would most likely be a pointed verbal rebuke, but would be unlikely to have economic consequences (no oil embargo and no slow down on negotiations for provision of an additional 30 MW of electricity). He thought the domestic fallout of such a decision could be quite severe with UML and NC cadre taking to the streets to protest. He did not see a split in the army and expected the rank and file as well as the general staff to support the new chief.

NC Supports Chief, Offers No Solutions

¶6. (C) The Ambassador and other key diplomats met with former PM Deuba and other NC leaders on April 27 at their invitation. NC continues to support Katawal and shows no inclination to seek a solution to the current impasse.

Comment

¶7. (C) Several disturbing developments have occurred in the past few days. It is quite clear that New Delhi has taken a

new tack with its insistence of retaining Katawal. This is a major divergence from our earlier joint support for the principle of civilian authority over the military and of the need to focus on key peace process issues. Second, minus a Nepali solution which would essentially paper over the current stand-off and save a solution for another day, there could be serious damage to the peace process under the other still less likely but possible scenarios.

POWELL